## Message Text

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CONFIDENTIAL MANAGUA 1266

E.O. 11652: GDS TAGS: ELAB, NU

SUBJECT: CUS DENOUNCES SITUATION AT EL SETENTRION MINING CO.

REF: 76 MANAGUA 2229

1. THE ORIT AFFILIATED AND AIFLD SUPPORTED CONFEDERATION OF LABOR UNITY (CUS) ISSUED A STATEMENT DENOUNCING VIOLATIONS OF THE COLLECTIVE BARGAINING AGREEMENT AND INFRINGEMENT OF LABOR LIBERTY AT THE EL SETENTRION MINING CO., A MINING CONCERN IN LEON DEPARTMENT OWNED BY CANADIAN INVESTORS WITH A MINORITY U.S. INTEREST. THE STATEMENT WAS PUBLISHED IN THE FRONT PAGE OF THE OPPOSITION NEWSPAPER LA PRENSA ON MARCH 15, AND HAS ELICITED SOME INFORMAL NEGATIVE LABOR MINISTRY REACTION.

2. CUS DENOUNCED THE RECENT DISMISSAL OF TWO WORKERS, ONE OF THEM A LEACER IN THE MINERS' NEGOTIATIONS WITH THE COMPANY LAST YEAR, AS THE LATEST LINK IN A CHAIN OF EXPLOITATION THAT INCLUDES "ILL TREATMENT, HUNGER WAGES AND THE WORST OF WORKING CONDITIONS." CUS WENT ON TO DECLARE THAT THE COLLECTIVE BARGAINING AGREEMENT SIGNED LAST YEAR IS WORSE THAN USELESS; IN THE ABSENCE OF AN EFFECTIVE UNION IT IS "A REIDICULOUS THING THAT INSULTS THE DIGNITY OF THE WORKER." THE LABOR AUTHORITIES CAM IN FOR STRONG CRITICISM FOR "DENYING TO THE MAJORITY OF THE MEMBERS OF THE UNION THE RIGHT TO ELECT THEIR OFFICERS." CUS CLOSED ITS STATEMENT WITH AN APPEAR TO CONGRESS TO RECTIFY THE SITUATION.

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3. THERE HAS NOT YET BEEN ANY FORMAL GON REACTION TO THE CUS STATE-MENT BUT INFORMAL REACTION INDICATES LABOR MINISTRY OFFICIALS HAVE BEEN STUNG BY CUS STATEMENT. IN A CONVERSATION WITH POL/LABOFF ON MARCH 16 VICE-MINISTER OF LABOR JUSTO GARCIA AGUILAR MENTIONED STATE-MENT AND STATED THAT COLLECTIVE BARGAINING AGREEMENT AT EL SETENTRIOT AS BEING COMPLIED WITH. POL/LABOFF EXPLAINED THAT HE HAD HAD NO PRE- VIOUS KNOWLEDGE OF CUS'S INTENTION OF MAKING SUCH A STATEMENT BUT BELIEVED THAT CUS LEADERS MIGHT HAVE ACTED OUT OF FRUSTRATION SINCE THE MINERS, WHOM CUS HAS BEEN ADVISING, HAVE BEEN TRYING TO HOLD AN ASSEMBLY AND UNION ELECTIONS FOR SEVERAL MONTHS, BUT THE LABOR AUTHORITIES HAVE NOT GRANTED PERMISSION. GARCIA AGREED THAT THE MINERS SHOULD BE ALLOWED TO HAVE THEIR ELECTION AND SAID THAT HE INTENDED TO BRING THE MATTER UP WITH THE LABOR MINISTER.

- 4. MORE OMINOUSLY, A LABOR MINISTRY REPRESENTATIVE CALLED ON THE AIFLD COUNTRY PROGRAM DIRECTOR MARCH 16 AND ASKED TO SEE THE AGREEMENT PERMITTING AIFLD TO OPERATE IN NICARAGUA. THE AIFLD CPT REFERRED HIM TO THE EMB OR THE AID DIRECTOR.
- 5. COMMENT: THIS IS NOT THE FIRST TIME THAT THE GON HAS MADE A LOW-LEVEL INQUIRY ABOUT THE LEGAL STATUS OF AIFLD IN NICARAGUA. LAST INQUIRY (MARCH 1976) FIZZLED OUT AFTER EMB STALLED. RENEWED GON INTEREST WAS ALMOST CERTAINLY SPARKED BY CUS STATEMENT, SINCE CUS IS PERCEIVED AS INSTRUMENT OF AIFLD. THE EMBASSY'S PREVIOUS POSITION WAS TO TAKE NO ACTION ON SUCH REQUESTS UNLESS FORMALLY PRESSED BY GON AND THEN TO REFER TO AIFLD AS PART OF AID PROGRAM AND COVERED BY THE AGREEMENT GOVERNING AID OPERATIONS.

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